

AS JÄRVEVANA  
GROUP

Consolidated interim report 12M 2008

Commercial Registry No: 10068022

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Primary activity: General contracting in construction sector  
Auditor: AS PricewaterhouseCoopers  
Beginning of financial year: 01.01.2008  
End of financial year: 31.12.2008

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## MANAGEMENT REPORT

### General information

At a joint meeting held at 14 March 2008, the Management Board and the Supervisory Board of AS Järvevana adopted a resolution to restructure the Company and separate operating activities from the criminal proceedings related to the land swap. The Company's management estimates that the restructuring of the Company is the best way to ensure its sustainable development and protect the interests of shareholders and employees in the long-lasting criminal proceedings related to the land swap.

On 15 April 2008, the management of AS Järvevana presented the Company's restructuring plan ([http://www.baltic.omxgroup.com/market/?pg=details&instrument=EE3100003559&list=2&tab=news&news\\_id=222602](http://www.baltic.omxgroup.com/market/?pg=details&instrument=EE3100003559&list=2&tab=news&news_id=222602)), according to which AS Merko Ehitus was split up/demerged so that AS Merko Ehitus, e.g. assets (other than liquid assets in the amount of 250 million kroons), liabilities and contracts as well as the business name was separated and transferred to the new company being set up.

Pursuant to the division plan (<http://www.merko.ee/upload/File/Restruktureerimise%20dokumendid/AS%20Merko%20Ehitus%20jagunemiskava%20ENG.pdf>), upon the division, AS Järvevana transferred to AS Merko Ehitus the entire set of assets related to the economic activities of the building company, including all concluded building, subcontracting and supply contracts; the equipment, machinery and employees; all professional know-how and cash-flows without interrupting the continuing economic activities and finding a way for a rapid acquittal in the criminal case no 05913000055 that would consider the interests of the shareholders remained as the sole activity of the company ([http://www.baltic.omxnordicexchange.com/market/?pg=news&news\\_id=226059](http://www.baltic.omxnordicexchange.com/market/?pg=news&news_id=226059)).

On 3 June 2008 the Annual General Meeting ([http://www.baltic.omxnordicexchange.com/market/?pg=news&news\\_id=226094](http://www.baltic.omxnordicexchange.com/market/?pg=news&news_id=226094)) approved the division of the company to into the limited companies new Merko Ehitus (registry code 11520257) and Järvevana (registry code 10068022).

On 1 August 2008, the registration department of Harju County Court made an entry in the Commercial Register registering the division of AS Merko Ehitus (registry code 10068022, with the new business name 'Akttsiaselts Järvevana') into the limited companies Merko Ehitus (registry code 11520257) and Järvevana (registry code 10068022).

### Business operations

The company was formed after the division of AS Järvevana which resulted in the assigning and surrendering of the entire set of assets connected to the business activities of the construction company including the concluded construction contracts, subcontracts and supply contracts, machines, equipment and employees, all the professional knowhow and cash flows from the uninterrupted and continuing business activities to AS Merko Ehitus, except the liabilities arising from the criminal case no 05913000055, including the payable compensations for damages, fines and other claims, legal costs and the cover funds for the potential liabilities arising from the criminal case in the amount of 250 million Estonian kroons of liquid assets.

The company is not currently active. The only real revenue of the company is the financial profit received from the allocation of the company's liquid assets. During 01.08.2008-31.12.2008, AS Järvevana's financial profit was 3.7 million kroons. As at 31.12.2008, the company had one employee – the CEO Toomas Annus. The company's financial results for 2008 include also the financial figures of the company for the 7 months preceding the division of AS Järvevana.

On 24 October 2008, after having reviewed the materials concerning the suspicion, the criminal defence counsel of AS Järvevana submitted a number of applications to the Public Prosecutor's Office, including an application requesting the termination of the criminal proceedings since the materials concerning the suspicion did not contain adequate evidence that an incriminating act had been committed and due to the numerous instances on which the substantive and the procedural law had been broken in the course of carrying out the procedural acts. The Public Prosecutor's Office did not accede to the application submitted by the counsel with the regulations issued on 10.12.2008 and 18.12.2008. Since the regulations did not comply with the procedural law and since the Public Prosecutor's Office failed to form an opinion on various requests without having any basis for doing so, the counsel filed a complaint to the Chief Public Prosecutor who did not review the complaint with a regulation issued on 20.01.2009. The counsel filed a complaint to a preliminary investigation judge of the Harju County Court concerning the breaking of the procedural law but the preliminary investigation judge has not adjudicated the complaint by the time this report is made public.

In addition, by the time this report is made public, the Public Prosecutor's Office has neither issued a statement of charges nor submitted it to the court. At present it is impossible to predict the schedule of the legislative proceedings.

## Shares and shareholders

AS Järvevana biggest shareholders as of 31.12.2008

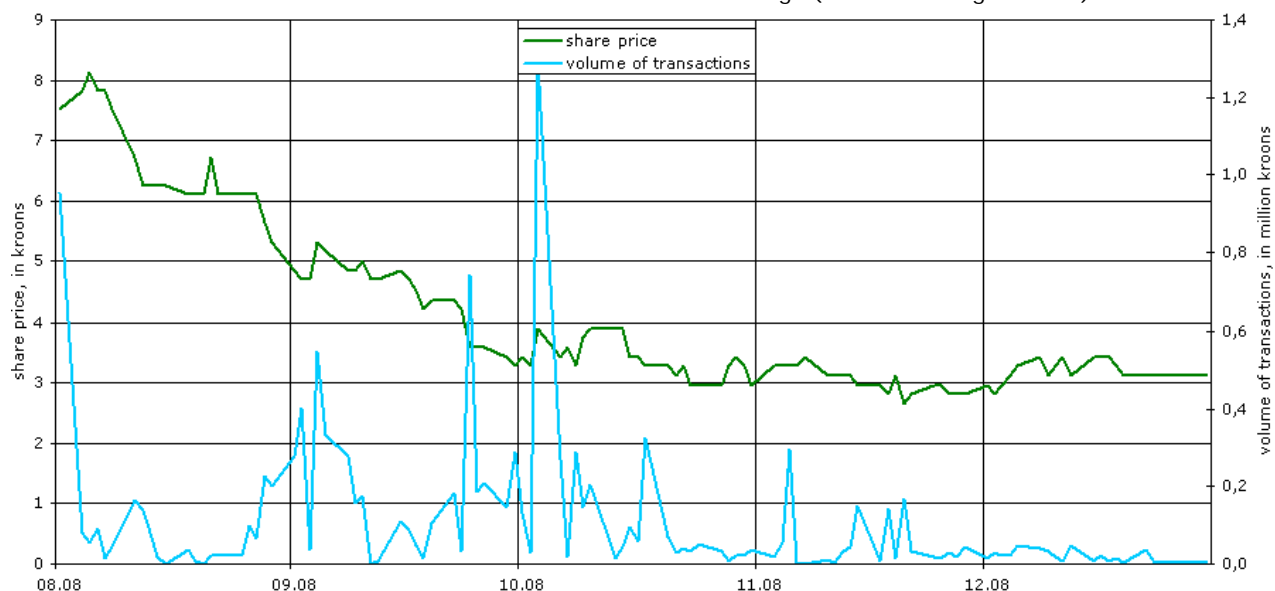
	No. of shares	Ownership
AS Riverito	12 742 686	71,99%
ING Luxembourg S.A., clients	963 376	5,44%
Skandinaviska Enskilda Banken Ab, clients	773 194	4,37%
Rimonne Baltic OÜ	190 000	1,07%

Breakdown os shareholders as of 31.12.2008

No. of shares	No. of shareholders	% of shareholders	No. of shares	% of shares
1-100	314	33,33%	15 271	0,09%
101-1000	363	38,54%	154 578	0,87%
1001-10 000	197	20,91%	747 895	4,23%
10 001 – 100 000	59	6,26%	1 521 971	8,60%
100 001 – 1 000 000	8	0,85%	2 517 599	14,22%
1 000 001 - ...	1	0,11%	12 742 686	71,99%
Total	942	100%	17 700 000	100%

The shares of AS Järvevana have been quoted in the main list of the NASDAQ OMX Tallinn Stock Exchange. In the course of the division of AS Merko Ehitus the name of the company was changed to AS Järvevana and since 04.08.2008, the shares of AS Järvevana are bought and sold under the name JRV1T. Between 1<sup>st</sup> August 2008 – 31<sup>st</sup> December 2008 the number of transactions with Järvevana' shares was 1244, during which 2.8 million shares changed ownership and the turnover of the transactions was 11.5 million kroons. The cheapest bargain with a share was 2.66 kroons and highest 8.14 kroons per share. The closing share price with a state of 30.12.2008 was 3.13 kroons.

Performance of Järvevana' share at NASDAQ OMX Tallinn Stock Exchange (as from 1<sup>st</sup> August 2008)



in thousand kroons and euros

## INCOME STATEMENT

consolidated, unaudited

		EEK		EUR	
	<i>note</i>	2008 12 months	2007 12 months	2008 12 months	2007 12 months
Revenue	1,2	2 798 466	5 510 760	178 854	352 202
Cost of goods sold	3	(2 273 798)	(4 731 752)	(145 322)	(302 415)
<b>Gross profit</b>		524 668	779 008	33 532	49 787
Marketing expenses		(21 143)	(32 472)	(1 351)	(2 075)
Administrative and general expenses		(123 699)	(213 806)	(7 906)	(13 665)
Other operating income		6 781	6 424	434	411
Other operating expenses		(7 773)	(18 109)	(497)	(1 157)
<b>Operating profit</b>		378 834	521 045	24 212	33 301
Financial income and expenses		1 983	69 694	127	4 454
incl. financial income (expenses) from investments in associate companies and joint ventures		1 282	76 440	82	4 885
interest expense		(8 734)	(16 948)	(558)	(1 083)
foreign exchange gain		(5 875)	(809)	(375)	(52)
other financial income and expenses		15 310	11 011	978	704
<b>Profit before tax</b>		380 817	590 739	24 339	37 755
Corporate income tax expense		(41 100)	(30 830)	(2 627)	(1 970)
<b>Net profit for current period</b>		339 717	559 909	21 712	35 785
incl. net profit attributable to equity holders of the parent company		335 502	545 049	21 442	34 835
minority interest		4 215	14 860	270	950
Earnings per share for profit attributable to the equity holders of the parent company (basic and diluted, in EEK and EUR)	4	18,95	30,79	1,21	1,97

## INCOME STATEMENT

consolidated, unaudited

	EEK		EUR	
	2008 IV quarter	2007 IV quarter	2008 IV quarter	2007 IV quarter
Revenue	-	1 647 155	-	105 272
Cost of goods sold	-	(1 343 339)	-	(85 855)
<b>Gross profit</b>	-	303 816	-	19 417
Marketing expenses	-	(12 228)	-	(782)
Administrative and general expenses	(1 499)	(89 626)	(96)	(5 728)
Other operating income	-	1 263	-	81
Other operating expenses	-	(13 956)	-	(892)
<b>Operating profit</b>	(1 499)	189 269	(96)	12 096
Financial income and expenses	2 292	16 517	147	1 056
incl. financial income (expenses) from investments in associate companies and joint ventures	-	14 953	-	956
interest expense	-	(2 593)	-	(166)
foreign exchange gain	-	2 371	-	152
other financial income and expenses	2 292	1 786	147	114
<b>Profit before tax</b>	793	205 786	51	13 152
Corporate income tax expense	-	(12 484)	-	(798)
<b>Net profit for current period</b>	793	193 302	51	12 354
incl. net profit attributable to equity holders of the parent company	793	187 025	51	11 953
minority interest	-	6 277	-	401
 Earnings per share for profit attributable to the equity holders of the parent company (basic and diluted, in EEK and EUR)	0,04	10,57	0,00	0,68

**BALANCE SHEET**

consolidated, unaudited

		EEK		EUR	
	note	31.12.2008	31.12.2007	31.12.2008	31.12.2007
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	5	26 242	205 564	1 677	13 138
Trade and other receivables	6	225 927	1 199 566	14 439	76 666
Prepaid corporate income tax		-	2 376	-	152
Inventories	7	-	2 025 426	-	129 448
<b>Total current assets</b>		<u>252 169</u>	<u>3 432 932</u>	<u>16 116</u>	<u>219 404</u>
<b>Non-current assets</b>					
Long-term financial investments	8	-	287 456	-	18 372
Deferred income tax assets		-	3 396	-	217
Investment property	9	-	7 361	-	470
Property, plant and equipment	10	-	172 912	-	11 051
Intangible assets	11	-	12 574	-	804
<b>Total non-current assets</b>		<u>-</u>	<u>483 699</u>	<u>-</u>	<u>30 914</u>
<b>TOTAL ASSETS</b>		<u>252 169</u>	<u>3 916 631</u>	<u>16 116</u>	<u>250 318</u>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Borrowings	12	-	304 879	-	19 485
Trade and other payables	13	242	1 015 492	16	64 902
Corporate income tax liability		-	16 718	-	1 068
Government grants		-	1 498	-	96
Short-term provisions	14	17 500	73 212	1 118	4 680
<b>Total current liabilities</b>		<u>17 742</u>	<u>1 411 799</u>	<u>1 134</u>	<u>90 231</u>
<b>Non-current liabilities</b>					
Long-term borrowings	12	-	397 713	-	25 418
Other long-term trade payables	15	-	57 423	-	3 670
<b>Total non-current liabilities</b>		<u>-</u>	<u>455 136</u>	<u>-</u>	<u>29 088</u>
<b>Total liabilities</b>		<u>17 742</u>	<u>1 866 935</u>	<u>1 134</u>	<u>119 319</u>
<b>Equity</b>					
Minority interests		-	33 939	-	2 169
Equity attributable to equity holders of the parent company					
Share capital		177 000	177 000	11 312	11 312
Statutory reserve capital		17 700	17 700	1 131	1 131
Currency translation adjustment		0	(5 085)	-	(325)
Retained earnings		39 727	1 826 142	2 539	116 712
		<u>234 427</u>	<u>2 015 757</u>	<u>14 982</u>	<u>128 830</u>
<b>Total equity</b>		<u>234 427</u>	<u>2 049 696</u>	<u>14 982</u>	<u>130 999</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>252 169</u>	<u>3 916 631</u>	<u>16 116</u>	<u>250 318</u>

**STATEMENT OF CHANGES IN EQUITY**

unaudited

EEK	Equity attributable to equity holders of the parent company				Total	Minority interest	Total
	Share capital	Statutory reserve capital	Currency translation on adjustment	Retained earnings			
<b>Balance as at 31.12.2006</b>	177 000	17 700	(5 751)	1 404 993	1 593 942	18 904	1 612 846
Effect of exchange rate changes	-	-	666	-	666	-	666
Net profit for current period	-	-	-	545 049	545 049	14 860	559 909
Dividends	-	-	-	(123 900)	(123 900)	(5 065)	(128 965)
Minority interest investment	-	-	-	-	-	5 240	5 240
<b>Balance as at 31.12.2007</b>	177 000	17 700	(5 085)	1 826 142	2 015 757	33 939	2 049 696
<b>Balance as at 31.12.2007</b>	177 000	17 700	(5 085)	1 826 142	2 015 757	33 939	2 049 696
Effect of exchange rate changes	-	-	5 085	-	5 085	-	5 085
Net assets separated on division	-	-	-	(2 121 917)	(2 121 917)	(31 626)	(2 153 543)
Net profit for current period	-	-	-	335 502	335 502	4 215	339 717
Dividends	-	-	-	-	-	(6 528)	(6 528)
<b>Balance as at 31.12.2008</b>	177 000	17 700	-	39 727	234 427	-	234 427

EUR	Equity attributable to equity holders of the parent company				Total	Minority interest	Total
	Share capital	Statutory reserve capital	Currency translation on adjustment	Retained earnings			
<b>Balance as at 31.12.2006</b>	11 312	1 131	(368)	89 796	101 871	1 208	103 079
Effect of exchange rate changes	-	-	43	-	43	-	43
Net profit for current period	-	-	-	34 835	34 835	950	35 785
Dividends	-	-	-	(7 919)	(7 919)	(324)	(8 243)
Minority interest investment	-	-	-	-	-	335	335
<b>Balance as at 31.12.2007</b>	11 312	1 131	(325)	116 712	128 830	2 169	130 999
<b>Balance as at 31.12.2007</b>	11 312	1 131	(325)	116 712	128 830	2 169	130 999
Effect of exchange rate changes	-	-	325	-	325	-	325
Net assets separated on division	-	-	-	(135 615)	(135 615)	(2 021)	(137 636)
Net profit for current period	-	-	-	21 442	21 442	269	21 711
Dividends	-	-	-	-	-	(417)	(417)
<b>Balance as at 31.12.2008</b>	11 312	1 131	-	2 539	14 982	-	14 982

The share capital of AS Järvevana consists of 17 700 000 common shares with a nominal value of EEK 10 i.e. EUR 0.64.



**CASH FLOW STATEMENT**

consolidated, unaudited

	2008 12 months	EEK 2007 12 months	2008 12 months	EUR 2007 12 months
<b>Cash flows from operating activities</b>				
Operating profit	378 834	521 045	24 212	33 301
Adjustments:				
depreciation and impairment charge	16 618	28 670	1 062	1 832
(profit) loss from sale of non-current assets	(800)	(275)	(51)	(18)
adjustments of revenue from construction contracts under stage of completion method	173 625	(130 927)	11 097	(8 368)
interest income from business activities	(2 123)	(2 844)	(136)	(182)
government grant and change in other provisions	(14 246)	49 456	(910)	3 161
profit on acquisition of subsidiary	-	(720)	-	(46)
Change in trade and other receivables related to operating activities	156 248	(108 379)	9 986	(6 927)
Change in inventories	3 601	(665 436)	230	(42 529)
Change in trade and other payables related to operating activities	(107 642)	(127 742)	(6 880)	(8 164)
Interests paid	(12 218)	(17 144)	(781)	(1 096)
Other financial expenses (income)	(27)	(11)	(2)	(1)
Corporate income tax paid	(32 963)	(34 597)	(2 107)	(2 211)
	<u>558 907</u>	<u>(488 904)</u>	<u>35 720</u>	<u>(31 248)</u>
<b>Cash flows from investing activities</b>				
Investment into subsidiaries	(7 500)	(29 575)	(479)	(1 890)
Proceeds from sale of subsidiaries	1 000	500	64	32
Investments into associates and joint ventures	(1 000)	(3 352)	(64)	(214)
Proceeds from sale of associates and joint ventures	58 000	-	3 707	-
Purchase of investment property	(112)	-	(7)	-
Purchase of property, plant and equipment	(15 638)	(48 757)	(1 000)	(3 116)
Proceeds from sale of property, plant and equipment	2 469	2 718	158	174
Purchase of intangible assets	(1 118)	(4 413)	(72)	(282)
Loans granted	(21 331)	(145 692)	(1 363)	(9 311)
Loan repayments received	18 120	134 599	1 158	8 602
Interest received	16 412	16 226	1 049	1 037
Dividends received	-	4 380	-	280
	<u>49 302</u>	<u>(73 366)</u>	<u>3 151</u>	<u>(4 688)</u>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	68 420	582 283	4 373	37 215
Repayments of borrowings	(169 279)	(345 739)	(10 819)	(22 097)
Finance lease principal payments	(10 407)	(14 260)	(665)	(911)
Dividends paid	(6 528)	(128 965)	(417)	(8 242)
	<u>(117 794)</u>	<u>93 319</u>	<u>(7 528)</u>	<u>5 965</u>
<b>Pecuniary means assigned on division</b>	(666 785)	-	(42 615)	-
<b>Change in cash and cash equivalents</b>	<u>(176 370)</u>	<u>(468 951)</u>	<u>(11 272)</u>	<u>(29 971)</u>
Cash and cash equivalent at beginning of period	205 564	676 143	13 138	43 213
Exchange gains/(losses) on cash and cash equivalents	(2 952)	(1 628)	(189)	(104)
<b>Cash and cash equivalent at end of period</b>	<u>26 242</u>	<u>205 564</u>	<u>1 677</u>	<u>13 138</u>

## NOTES

### Note 1 Business and geographical segments

*in thousand kroons*

#### Business segments

2008 12 months	Construc- tion	Road construction	Concrete elements	Group
Consolidated revenue	2 555 998	242 468	-	2 798 466
Inter-segmental revenue	10	7 019	-	7 029
Segment revenue	2 556 008	249 487	-	2 805 495
Segment operating profit	361 646	17 188	-	378 834
Financial income/expenses				1 983
incl. profit/loss from associates and joint ventures	882	-	400	1 282
Profit before tax				380 817
Corporate income tax				(41 100)
Net profit of the Group				339 717
incl. attributable to equity owners of the parent company				335 502
minority interest				4 215
Segment assets	251 908	-	-	251 908
Unallocated assets				261
Total consolidated assets				252 169
Segment liabilities	17 731	-	-	17 731
Unallocated liabilities				11
Total consolidated liabilities				17 742
Purchase of investment property	112	-	-	112
Purchase of property, plant and equipment and intangible assets	13 317	3 439	-	16 756
Depreciation and impairment	10 349	6 269	-	16 618
2007 12 months	Construc- tion	Road construction	Concrete elements	Group
Consolidated revenue	5 004 039	506 721	-	5 510 760
Inter-segmental revenue	191	199	-	390
Segment revenue	5 004 230	506 920	-	5 511 150
Segment operating profit	487 697	33 348	-	521 045
Financial income/expenses				69 694
incl. profit/loss from associates and joint ventures	55 577	-	20 863	76 440
Profit before tax				590 739
Corporate income tax				(30 830)
Net profit of the Group				559 909
incl. attributable to equity owners of the parent company				545 049
minority interest				14 860
Segment assets	3 406 435	178 816	-	3 585 251
Associates and joint ventures	215 922	-	57 042	272 964
Unallocated assets				58 416
Total consolidated assets				3 916 631
Segment liabilities	(1 083 479)	(82 223)	-	(1 165 702)
Unallocated liabilities				(701 232)
Total consolidated liabilities				(1 866 934)
Purchase of investment property	52 129	21 822	-	73 951
Purchase of property, plant and equipment and intangible assets	(18 654)	(10 014)	-	(28 668)

Costs, assets and liabilities that cannot be related to a specific asset or it is not practical to do so are considered as unallocated.

## Geographical segments

	Revenue	
	2008 12 months*	2007 12 months
Estonia	1 719 941	3 385 635
Latvia	618 059	1 386 332
Lithuania	460 446	738 793
<b>Total</b>	<b>2 798 446</b>	<b>5 510 760</b>

\* the revenue of AS Järvevana for the 7 months preceding the division of the company is included in the revenue figures.

	Total assets		Purchase of investment property		Purchase of property, plant and equipment and intangible assets	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007	2008 12 months	2007 12 months
Estonia	252 169	2 022 549	-	-	11 846	59 117
Latvia	-	1 486 220	112	-	4 572	14 741
Lithuania	-	407 862	-	-	338	93
<b>Total</b>	<b>252 169</b>	<b>3 916 631</b>	<b>112</b>	<b>-</b>	<b>16 756</b>	<b>73 951</b>

Revenue is based on the country in which the customer is located; the assets are reported basing on the geographic location of the assets.

## Note 2 Revenue

*in thousand kroons*

	2008 12 months*	2007 12 months
Rendering of services	1 998 556	4 591 719
Sale of real estate and real estate development projects	797 184	915 741
Rental income	2 286	2 163
Sale of goods	440	1 137
<b>Total revenue</b>	<b>2 798 466</b>	<b>5 510 760</b>

\* the revenue of AS Järvevana for the 7 months preceding the division of the company is included in the revenue figures.

## Note 3 Cost of goods sold

*in thousand kroons*

	2008 12 months	2007 12 months
Construction services	1 396 459	3 191 237
Materials	236 156	419 679
Properties purchased for resale	246 353	398 825
Staff costs	204 794	373 901
Construction mechanisms and transport	76 318	106 955
Design	45 133	92 772
Depreciation and impairment charge	10 965	20 596
Other expenses	57 620	127 787
<b>Total cost of goods sold</b>	<b>2 273 798</b>	<b>4 731 752</b>

#### Note 4 Earnings per share

Basic earnings per share for profit attributable to equity holders of the parent company has been derived by dividing the net profit attributable to shareholders by the weighted average number of shares.

	2008 12 months*	2007 12 months
Net profit attributable to shareholders <i>(in thousand kroons)</i>	335 502	545 049
Weighted average number of ordinary shares <i>(thousand pcs)</i>	17 700	17 700
<b>Earnings per share <i>(in kroons)</i></b>	<u>18,95</u>	<u>30,79</u>

The Group did not have any potential ordinary shares to be issued; therefore the diluted earnings per share equal the basic earnings per share.

\* the net profit of AS Järvevana for the 7 months preceding the division of the company that was transferred to AS Merko Ehitus upon the division is included in the net profit figures.

#### Note 5 Cash and cash equivalents

*in thousand kroons*

	31.12.2008	31.12.2007
Cash on hand	-	116
Bank accounts	-	53 722
Short-term deposits	26 242	151 726
<b>Total cash and bank</b>	<u>26 242</u>	<u>205 564</u>

#### Note 6 Trade and other receivables

*in thousand kroons*

	31.12.2008	31.12.2007
Trade receivables		
accounts receivable	-	886 967
allowance for doubtful receivables	-	(2 111)
	<u>-</u>	<u>884 856</u>
Tax prepayments excluding corporate income tax		
value added tax	261	38 139
social security tax	-	12
other taxes	-	1
	<u>261</u>	<u>38 152</u>
Amounts due from customers for contract works	-	151 119
Other short-term receivables		
short-term loans	125 001	41 135
interest receivables	646	2 075
receivable from sale of subsidiary	-	1 000
other short-term receivables	100 000	2 662
	<u>225 647</u>	<u>46 872</u>
Prepayments for services		
prepayments for construction services	-	64 864
prepaid insurance	19	2 339
other prepaid expenses	-	11 364
	<u>19</u>	<u>78 567</u>
<b>Total trade and other receivables</b>	<u>225 927</u>	<u>1 199 566</u>

\* according to the contract of division concluded between AS Järvevana and AS Merko Ehitus, the company granted AS Merko Ehitus a loan in the amount of 7.989 million euros with an interest rate of 12 euribor + 1%. The final interest rate for the first loan period of 12 months is 6% pa.

\*\* in the contract of division, AS Järvevana and AS Merko Ehitus agreed that AS Järvevana would have the right and AS Merko Ehitus would be obliged to buy 5 real estates from AS Järvevana for the price of 100 million kroons. This right is given on the balance sheet of AS Järvevana as a short-term claim.

## Note 7 Inventories

*in thousand kroons*

	31.12.2008	31.12.2007
Materials	-	3 501
Work-in-progress	-	1 209 117
Finished goods	-	72 434
Goods for resale		
land purchased for resale	-	704 111
other goods purchased for resale	-	13
	-	704 124
Prepayments for inventories		
prepayments for real estate properties	-	35 653
prepayments for other inventories	-	597
	-	36 250
<b>Total inventories</b>	-	2 025 426

## Note 8 Long-term financial assets

*in thousand kroons*

	31.12.2008	31.12.2007
Investments in associates and joint ventures	-	272 964
Long-term loans	-	8 667
Long-term receivable from buyer of subsidiary	-	3 625
Long-term receivables from customers of construction services	-	2 200
<b>Total long-term financial assets</b>	-	287 456

## Note 9 Investment property

*in thousand kroons*

	31.12.2008	31.12.2007
Land	-	2 136
Buildings at carrying amount		
cost	-	5 600
accumulated depreciation	-	(375)
	-	5 225
<b>Total investment property</b>	-	7 361

**Note 10 Property, plant and equipment**  
*in thousand kroons*

	31.12.2008	31.12.2007
Land	-	15 943
Buildings at carrying amount		
cost	-	24 627
accumulated depreciation	-	(4 246)
	<hr/>	<hr/>
	-	20 381
Right of superficies at carrying amount		
cost	-	458
accumulated depreciation	-	(95)
	<hr/>	<hr/>
	-	363
Machinery and equipment at carrying amount		
cost	-	153 587
accumulated depreciation	-	(55 100)
	<hr/>	<hr/>
	-	98 487
Other fixtures at carrying amount		
cost	-	64 970
accumulated depreciation	-	(35 996)
	<hr/>	<hr/>
	-	28 974
Construction in progress	-	36
Prepayments for property, plant and equipment	-	8 728
	<hr/>	<hr/>
<b>Total property, plant and equipment</b>	-	172 912

**Note 11 Intangible assets**  
*in thousand kroons*

	31.12.2008	31.12.2007
Software at carrying amount		
cost	-	14 443
accumulated depreciation	-	(3 682)
	<hr/>	<hr/>
	-	10 761
Prepayments for intangible assets	-	1 813
	<hr/>	<hr/>
<b>Total intangible assets</b>	-	12 574

**Note 12 Borrowings**  
*in thousand kroons*

	31.12.2008	31.12.2007
<b>Finance lease payables</b>		
Present value of lease payments	<hr/>	<hr/>
incl. current portion	-	48 114
non-current portion 2...4 years	-	11 879
	<hr/>	<hr/>
	-	36 235
<b>Loans</b>		
Loan balance	<hr/>	<hr/>
incl. current portion	-	630 543
non-current portion 2...5 years	-	273 965
	<hr/>	<hr/>
	-	356 578

<b>Loans from parent company</b>		
Loan balance	-	19 035
incl. current portion	-	19 035
<b>Loans from other companies</b>		
Loan balance	-	4 900
incl. current portion	-	-
non-current portion 2...5 years	-	4 900
<b>Total loans</b>		
Loans balance	-	654 478
incl. current portion	-	293 000
non-current portion 2...5 years	-	361 478
<b>Total borrowings</b>	-	702 592
incl. current portion	-	304 879
non-current portion 2...5 years	-	397 713

**Note 13 Trade and other payables**  
*in thousand kroons*

	<b>31.12.2008</b>	<b>31.12.2007</b>
Payables to suppliers	204	528 857
Payables to employees	27	74 892
Tax liabilities, except for corporate income tax		
value added tax	-	26 979
personal income tax	2	10 720
social security tax	8	17 654
land tax	-	46
unemployment insurance tax	-	319
contributions to mandatory funded pension	-	527
other taxes	1	570
	11	56 815
Amounts due to customers for contract works	-	161 725
Other payables		
interest liabilities	-	465
other payables	-	21 503
	-	21 968
Advance payments received	-	171 235
<b>Total trade and other payables</b>	242	1 015 492

**Note 14 Short-term provisions**  
*in thousand kroons*

	<b>31.12.2008</b>	<b>31.12.2007</b>
Provision for warranty obligation for construction	-	15 625
Provision for onerous construction contracts	-	32 512
Provision for potential cancellation of construction projects	-	1 934
Provision for legal costs and claims filed	17 500	22 786
Other provisions	-	355
<b>Total short-term provisions</b>	17 500	73 212

**Note 15 Other long-term trade payables***in thousand kroons*

	31.12.2008	31.12.2007
Payables to suppliers	-	11 091
Advance payments received	-	46 332
<b>Total other long-term trade payables</b>	<u>-</u>	<u>57 423</u>

**Note 16 Related party transactions**

In compiling the report, the following entities have been considered as related parties:

- parent company AS Riverito;
- shareholders of AS Riverito with significant influence through AS Riverito;
- other shareholders with significant influence;
- other subsidiaries of AS Riverito, so-called 'entities controlled by the parent company';
- associates and joint ventures;
- key managers and their close relatives;
- entities under control of persons mentioned above.

Significant influence is presumed to exist when the person has more than 20% of the voting power.

The parent company of AS Järvevana is AS Riverito. As at 31.12.2008 and 31.12.2007, AS Riverito owned 72% of the shares of AS Järvevana. The ultimate controlling party of the Group is Mr Toomas Annus.

**Goods and services***in thousand kroons*

	2008 12 months	2007 12 months
<b>Purchased construction services</b>		
Associates and joint ventures	24 353	86 123
Entities controlled by the parent company	7 019	8 425
<b>Total purchased construction services</b>	<u>31 372</u>	<u>94 548</u>
<b>Construction services rendered</b>		
Associates and joint ventures	150	33 642
Entities controlled by the parent company	514 713	1 576 911
Management members	4 011	10 027
<b>Total construction services rendered</b>	<u>518 874</u>	<u>1 625 580</u>
<b>Construction materials purchased</b>		
Other related parties	<u>163</u>	<u>211</u>
<b>Real estate sold</b>		
Entities controlled by the parent company	<u>143 167</u>	<u>81 583</u>

**Balances with the related parties***in thousand kroons*

	31.12.2008	31.12.2007
<b>Trade and other receivables</b>		
Trade receivables		
Associates and joint ventures	-	16 046
Entities controlled by the parent company	-	182 802
Short-term loans		
Associates and joint ventures	-	7 000
Entities controlled by the parent company	125 001	4 236



Interest receivables		
Associates and joint ventures	-	649
Entities controlled by the parent company	646	-
Other short-term receivables		
Entities controlled by the parent company	100 000	-
Other related parties	-	2
<b>Other long-term loans and receivables</b>		
Long-term loans		
Associates and joint ventures	-	5 725
Entities controlled by the parent company	-	2 942
<b>Borrowings</b>		
Short-term loans and bonds		
Parent company	-	19 035
<b>Trade and other payables</b>		
Payables to suppliers		
Associates and joint ventures	-	11 098
Entities controlled by the parent company	-	326
Prepayments received		
Entities controlled by the parent company	-	16 094
Interest liabilities		
Parent company	-	272

## Note 17 Contingent liabilities

The Group has purchased the following guarantees in the following maximum amounts from financial institutions to cover Group's maximum exposure to third parties if the Group would not be able to fulfil its contractual obligations. The management believes that the likelihood of additional expenses due to these guarantees is remote.

<i>in thousand kroons</i>	<b>31.12.2008</b>	<b>31.12.2007</b>
Performance period's warranty to the customer	-	309 904
Tender warranty	-	23 761
Guarantee warranty period	-	55 500
Prepayment guarantee	-	68 756
Sureties	-	9 999
Payment guarantee	-	5 176
Letter of credit	-	11 218
<b>Total contingent liabilities</b>	<b>-</b>	<b>484 314</b>

Performance period's warranty to the customer – warranty provider grants to customer that contractor's obligations arising from construction contract will be adequately completed.

Tender warranty – warranty provider grants to customer arranging the tender process that the tenderer will sign a contract as per tender conditions.

Guarantee for warranty period - warranty provider grants to customer that construction defects discovered during the warranty period will be repaired.

Prepayment guarantee - warranty provider grants to customer that advances will be reimbursed, if contractor fails to deliver goods or services agreed.

Payment guarantee – warranty provider grants to customer payment for goods or services.

## MANAGEMENT DECLARATION

The Management Board of AS Järvevana has prepared the consolidated 12 months interim report 2008 as presented on pages 3 to 17.

The Management Board confirms to the best of its knowledge:

- the accounting methods used for preparing the interim financial statements are in compliance with International Financial Reporting Standards as adopted by the European Union;
- the interim financial statements give a true and fair view of the financial position, the results of operations and the cash flows of the Group;
- the parent company and all Group companies are going concerns.

The consolidated interim financial statements of AS Järvevana for the 12 months period ending 31.12.2008 have been prepared in accordance with IAS 34 "Interim Financial Reporting" for condensed interim financial statements. Company applies the same accounting policies in its interim financial statements as applied in its annual financial statement of 2007.

Toomas Annus

Member of the Board



27.02.2009